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ABSTRACT

This report presents an analysis of and conclusions (based on audits of projects) on the progress being made by state educational agencies (SEA's) in assuring that local educational agencies (LEA's) are designing and implementing projects to meet the needs of educationally deprived children. Two considerations are said to have been employed in reviewing the effectiveness of SEA practices: the extent to which Title I funds are used for high priority educational needs and the extent of improvements due to the use of funds. Although variations among the 14 states reviewed are found, a pattern of change for the better is stated to exist, perhaps due to clearer guidelines from the USOE, more effective Federal and SEA monitoring processes, and better familiarity and acceptance of the requirements of the program by many SEA's. Further improvement is considered to be necessary as 12 percent of Title I funds are still not being used for high priority needs. Recommendations include (1) closer monitoring of procedures used by SEA's in reviewing and approving projects, along with on-site monitoring; and (2) requiring SEA's to provide LEA's with information and training on the requirements for educating deprived children. (Author/AM)

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

AUDIT AGENCY

AUG 23 1974

ED111905

Dr. Terrel H. Bell
Commissioner of Education
Department of Health, Education, and Welfare
400 Maryland Avenue, SW
Washington, D.C. 20201

Dear Dr. Bell:

Enclosed is our report on the review of progress in selected States in meeting special educational needs under Title I of the Elementary and Secondary Education Act. The report presents our analysis and conclusions based on audits of projects implemented by selected local educational agencies (LEAs) in 14 States. These States received about $302 million or 23 percent of the Federal funds allotted during fiscal year 1973. Individual audit reports will be issued to each State education agency (SEA) and will include recommendations to improve administration at the SEAs.

In reviewing the effectiveness of SEA practices, we determined (1) the extent that LEAs used their Title I funds for high-priority educational needs during school year 1972/73 and (2) the extent of improvements made by the LEAs in using funds for such purposes since school year 1969/70.

While the situations varied, there was a pattern of change for the better. In 1969/70, the LEAs applied an average of 63 percent of Title I money for high-priority educational activities. By contrast, in 1972/73, the LEAs in the same States used 76 percent of the funds for high-priority educational activities. Conversely, Title I funds used for general aid and low-priority activities decreased from about 23 to 12 percent. This positive change can be attributed to clearer guidelines from USOE, more effective Federal and SEA monitoring, and better familiarity and acceptance of the requirements of the program by many SEAs.

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Further improvement is still needed, however, because 12 percent of Title I funds were still not being used for high-priority activities. Some SEAs have maintained a passive role and have not been successful in convincing LEAs to use their Title I funds to the greatest advantage in meeting program objectives. Certain project activities seemed particularly susceptible to general aid. In some instances, the general aid activities could have been identified by a more thorough State review of project applications. On-site monitoring of projects was needed for determining how projects are actually carried out at the LEAs. Also in those States that did not actively manage the program, the LEAs generally did not systematically assess educational needs and identify educationally deprived children. We recommended that OE:

--More closely monitor the procedures used by the SEAs in reviewing and approving projects.

--Require the SEAs to provide LEAs information and training on the requirements for needs assessments, identification of priority needs, and concentration of services on educationally deprived children.

--Require the SEAs to increase their on-site monitoring of projects to assure that the projects are implemented in accordance with approved applications. Emphasis should be placed on projects in the larger LEAs having activities susceptible to implementation as general aid.

Your staff has expressed general concurrence with our findings and recommendations. Their comments are included in the report.

We hope this report will help you in administering the program. Any questions or further comments would be welcomed. Also, we would appreciate being advised within 60 days of the status of corrective actions. Copies of this report are being sent to the Secretary and other top Department officials.

Sincerely yours,

E W. Stepnick

Edward W. Stepnick
Director, HEW Audit Agency

Enclosure

CONTENTS

	Page
INTRODUCTION	1
FINDINGS	2
Benefits of Strong SEA Administration	3
States Needing Stronger SEA Administration	3
Projects Susceptible to Providing General Aid to Education	4
Influence of Large LEAs	5
Needs Assessment and Identification of Educationally Deprived Children	6
Effects of USOE Program Reviews	7
RECOMMENDATIONS	7
USOE COMMENTS	8
SCOPE OF REVIEW	10
EXHIBITS	
Exhibit A - Analysis of School Year 1972/73 ESEA Title I Projects	11
Exhibit B - Analysis of School Year 1969/70 ESEA Title I Projects	12
APPENDIX - State Educational Agencies' Comments	14

REPORT ON REVIEW OF PROGRESS IN SELECTED STATES IN MEETING SPECIAL EDUCATIONAL NEEDS TITLE I OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

INTRODUCTION

The HEW Audit Agency has reviewed the progress being made by State educational agencies (SEAs) in assuring that local educational agencies (LEAs) are designing and implementing projects to meet the special educational needs of educationally deprived children, as called for under Title I of the Elementary and Secondary Education Act of 1965, as amended. Performance data for 14 States was studied for the 1972/73 school year and compared with similar data for the 1969/70 school year. During fiscal year 1973 these States received $302 million or 23% of the total of $1.3 billion allotted under Title I. In the 14 States, we reviewed all projects implemented by 112 LEAs during the 1969/70 school year and all projects implemented by the same LEAs during the school year 1972/73. Also, all project applications for the school year 1972/73 submitted by 369 additional LEAs in the 14 States were examined. The scope of our review is further described on page 10.

Title I provides financial assistance to LEAs for planning and operating special programs for educationally deprived children in schools having high concentrations of children from low-income families. It is a supplementary program designed to upgrade the educational opportunities of educationally deprived children. The U. S. Office of Education (USOE) administers the program at the national level, reviews and approves State applications for participation in the program, develops regulations and guidelines, provides consultative services to SEAs, and assesses program progress.

State applications contain assurances that the SEAs will administer the program and submit reports in accordance with the provisions of the Act. SEAs are responsible for determining that LEA projects are designed to meet the special educational needs of educationally deprived children in areas having high concentrations of children from low-income families and for providing necessary assistance and monitoring to ensure that Title I funds are used only for proper projects.

LEAs are responsible for developing and implementing projects under the Title I program. This responsibility includes determining school attendance areas eligible for participation, identifying the educationally deprived children in these areas, determining the special educational needs of such children, and adopting procedures for evaluating the effectiveness of the projects.

FINDINGS

In reviewing the effectiveness of SEA practices we determined (1) the extent that LEAs were using Title I funds for meeting the high-priority educational needs of educationally deprived children, and (2) the extent of any improvements made by the LEAs in using funds for such purposes. We defined high-priority educational activities as supplemental instruction in language arts, reading, and mathematics, including the services of classroom teachers and teacher aides, specialty professionals who worked directly with deprived children, and educational equipment and training aids closely related to remedial projects. Activities in art, music, physical education, home economics, drivers education, were considered low-priority. Activities benefiting entire schools or the student body at large, or in a specified grade in a school were considered general aid.

While the situations varied in the 14 States, there seemed to be a pattern of change for the better. In 1969/70, the LEAs applied an average of 63 percent of Title I money for high-priority educational activities. By contrast, during school year 1972/73, the LEAs in the same States used 76 percent of the funds for high-priority educational activities. Conversely, Title I funds used for general aid and low-priority activities decreased from 23 to about 12 percent.

Title I funds used for:	1969/70	1972/73
High-priority educational activities	63.3%	75.9%
General aid and low-priority activities	23.0%	11.8%
Project administration and other	13.7%	12.3%
	100.0%	100.0%

We attribute the improvements to several reasons--clearer guidelines from the USOE, more effective Federal and SEA monitoring processes, and better familiarity and acceptance of the requirements of the program by many SEAs. Nevertheless, further improvement is still needed because during 1972/73, about 12 percent of Title I funds were still not being used for high-priority activities in the 14 States.

Benefits of Strong SEA Administration

The LEAs in those States operating under a concept of firm central authority seemed to have made the best showing in using their Title I funds for high-priority activities. Typifying this management posture were the States of Connecticut, Nebraska, and Ohio. For school year 1972/73 the LEAs in these States budgeted 90.3, 88.5, and 88.1 percent, respectively, for high-priority educational activities, while less than one-percent was used for low-priority and general aid activities. The remainder was spent on administrative expenses.

Substantial gains in the percentages of funds used by the LEAs for high-priority educational activities were noted in some States. Those making the largest gains are shown below:

Percentages of Title I Funds Used For High-Priority Educational Activities

States	1969/70	1972/73
Kansas	55.9%	84.7%
Missouri	67.6%	85.0%
Nebraska	62.3%	88.5%
Oklahoma	27.1%	63.3%
Tennessee	54.9%	79.8%

Our study indicates that strengthened SEA administration was one of the reasons for these gains. Some of the improvement can also be attributed to the cooperativeness of SEAs in positvely reacting to recommendations in reports by USOE program review teams and the HEW Audit Agency. In some States the gains, however, were attributed to a better understanding by the LEAs of program objectives rather than to any appreciable improvement in SEA administration.

States Needing Stronger SEA Administration

Several SEAs, however, still have not been successful in convincing LEAs to use Title I funds to the greatest advantage in keeping with program objectives. These SEAs have generally taken a posture of minimal involvement and loose supervision over project formulation and implementation by LEAs. Some SEAs saw their management role as supportive--offering suggestions on program matters, rather than enforcing the Act and regulations. Others did not believe they had the authority to disapprove projects proposed by LEAs. The LEAs in these States used large amounts of their grants for general aid and low-priority activities.

Detailed comparative schedules showing the results of our analysis in the 14 States are included as Exhibits A and B on pages 11 and 12.

Projects Susceptible to Providing General Aid to Education

Certain project activities, in general, seem to be particularly susceptible to misdirection by LEAs. These are: (1) instructional and teacher aides, (2) class size reductions, (3) librarian and librarian aides, and (4) supportive services. Without careful monitoring by the SEAs these activities tend to provide general aid. SEAs can identify these activities in some project applications; how the projects are actually implemented, however, can be discerned only by on-site visits. During our on-site visits, we observed that LEAs often provided services to all children in a particular grade, class, or school, even though the project applications stated that services would be provided to educationally deprived children.

Teacher Aides

Some instructional and teacher aid projects concentrated services on the special educational needs of educationally deprived children. For example, we observed that some aides spent a specified period (usually 30 minutes) in a one-to-one situation helping children whose special educational need was reading and/or mathematics. Schools reported that these projects resulted in substantial student gains in relatively short periods of time. Many projects, however, provided general aid to education. General aid duties observed were: (1) keeping order in the halls, playgrounds, buses, lunch rooms, and common areas; (2) doing typing, filing and other general office work for principals; and (3) performing classroom chores such as collecting milk money, grading papers, handing out materials, operating projectors, and other menial tasks. These activities did not focus on the special educational needs of educationally deprived children.

Class Size Reductions

Class size reduction projects almost always provided general aid to education. About the only exceptions were class reduction projects in schools with extremely high percentages of educationally deprived children, or class size reductions resulting from all day pull out projects. Routine class size reductions benefited entire schools, grades or classes, and, in some instances, the non-educationally deprived children received most of the benefits simply because they outnumbered the educationally deprived.

Librarian and Librarian Aides

Librarian and Librarian aide projects were susceptible to being implemented as general aid to education. Discussions with the library personnel involved usually revealed that they could not identify the children oligible for, or participating in Title I activities, and that they served the needs of all children. The LEAs advised that these projects provided services long desired, but could not be afforded until Title I funds became available.

Supportive Services

Several supportive services were implemented as general aid. Services such as media centers, nurses, counselors, and psychologists were often available to all children, whether or not identified as educationally deprived. Some of the general aid activities were identifiable as such in the project applications. In other instances, we observed during our visits to the LEAs that services were being provided to all children desiring or needing the services, even though the project applications stated that services would be provided to children identified as eligible to participate in the program.

We also observed that many low-priority projects for art, music, and physical education were provided under open enrollment to all students.

The design and implementation of projects not meeting special educational needs may be attributable to misunderstanding by LEA officials of program requirements pertaining to general aid. Some LEAs considered projects approvable as long as some of the educationally deprived children benefited from the projects. Benefits to non-educationally deprived children were considered as justifiable spin-offs. Sometimes the spin-off benefits, however, were greater than the benefits to the educationally deprived children. Such practices dilute resources that otherwise could be concentrated on the special educational needs of educationally deprived children.

Influence of Large LEAs

The larger LEAs tended to use higher percentages of their grants for general aid and low-priority activities than did the other LEAs. Projects planned by the large LEAs were inclined to provide supportive type services such as media centers, nurses, counselors, and psychologists. These activities, as previously noted, are more likely to be implemented as, or evolve into, general aid.

Improving project design in the larger LEAs is particularly important since they contain the highest numbers of educationally deprived children and likewise receive larger amounts of Title I funds.

Needs Assessment and Identification of Educationally Deprived Children

In those States that used large amounts of funds for general aid and low-priority activities, our review disclosed a general lack of valid needs assessment data. We found little in the way of systematic procedures to assess special educational needs and to identify those children most in need of supplementary educational services. This contributed to the LEAs designing projects that did not meet the special educational needs of educationally deprived children.

Also, objective testing did not always substantiate the assessments by teachers. At several LEAs, children testing in the lower 10 percent nationally in reading were not identified as having reading problems, while children testing higher were designated as needing assistance in reading. In other LEAs, particularly in Mississippi, all or most of the children were designated as having reading problems, regardless of the results of objective testing. In these LEAs, projects were spread over such large populations that concentrated remedial services were precluded.

We noted also that at 78 of the 481 LEAs in 14 States reviewed for school year 1972/73, about $8.5 million was budgeted for general aid activities and low-priority needs, even though identified special educational needs were only partially met as follows:

Identified Special educational needs	Identified educationally deprived children	Participating in project for special need		Unmet Special educational needs	
		Children	Percent	Children	Percent
Reading	309,653	127,653	41.1%	182,514	58.9%
Language arts	49,517	10,042	20.3%	39,475	79.7%
Mathematics	68,156	16,480	24.2%	51,676	75.8%

Generally, the 78 LEAs developed needs assessment data in only those grades in which a particular project was conducted. Since complete needs assessment data was not available, it is possible that the unmet special educational needs were even higher than shown above.

Effects of USOE Program Reviews

USOE program reviews in those States where high percentages of Title I funds were used for general aid to education and low-priority projects were only partially effective in convincing SEAs to take a firm posture on requiring LEAs to concentrate available funds on the special educational needs of educationally deprived children.

As early as 1971, USOE identified the general aid problem and the failure by many LEAs to identify special educational needs through a comprehensive assessment program. USOE recommended in most cases that immediate action be taken by the SEAs to correct the specifically cited activities that provided general aid, and that reviews be made of all LEA project applications to determine if similar projects were also providing general aid. The SEAs were requested to assist LEAs in developing procedures for assessing the educational needs of eligible participants. The SEAs generally agreed with the findings and recommendations, but the recommendations were not always implemented.

In 1972, USOE conducted program reviews and found that SEAS had made some progress, but the same program weakness continued. A new tack was then taken. USOE attempted to make their recommendations more specific and susceptible to easy implementation. This may work better. These recommendations were generally accepted by the SEAs. Complete results of implementation will, however, not be seen until project year 1974, since project year 1973 had already begun when some of the recommendations were made.

While the SEAs have accepted program review recommendations, there seems to be sufficient cause, based on past experience, to more closely monitor those SEAs that operate under a policy of minimal involvement in LEA projects. Those SEAs have had only limited success in convincing LEAs to revise projects in order to concentrate on special educational needs.

RECOMMENDATIONS

USOE has increased the frequency and quality of its reviews of SEA and LEA Title I programs, and more illustrative guidance has been provided to the SEAs. Positive results of these intensified efforts can be seen in the increased effectiveness of SEA management in many States. Some SEAs, however, have not progressed beyond a passive role in carrying out their responsibilities for assuring that LEA projects are designed and implemented to meet the special educational needs of educationally deprived children. USOE should make concentrated efforts to encourage these SEAs, and others having similar problems, to take a more active role in assuring that LEA projects are designed and implemented in accordance with the intent of Title I, and to take a firmer stand in disapproving projects that are not designed to meet the special educational needs of educationally deprived children.

To accomplish this, USOE should:

(1) Consider visiting the SEAs at the time project applications are submitted for approval. This opportunity should be used to monitor the SEAs' project review and approval process.

(2) Require the SEAs to take a more active role in dissiminating information and providing training to LEAs in order that they be better advised of the requirements and objectives of Title I. Emphasis should be placed on the requirements for needs assessments, identification of priority needs, and concentration of services on educationally deprived children.

(3) Require the SEAs to more closely monitor LEA projects to assure that the projects are actually carried out in accordance with approved applications. Priority should be given to monitoring projects in the larger LEAs providing services that are susceptible to becoming general aid activities. As part of the monitoring process, the SEAs should be encouraged to require that projects be periodically audited in line with guidelines prepared by the HEW Audit Agency for use by independent auditors.

USOE COMMENTS

Formal comments on the matters discussed in this report are contained in a November 12, 1973 memorandum of the Director, Division of Compensatory Education (DCE/BESE). In general USOE agreed with our findings and recommendations. Responses to our recommendations follow:

Overall Comments

"It is encouraging to note from the report that since the school term 1969-70 there has been quite an improvement in the management of Title I program and activities by the State educational agencies".

"Not so encouraging, though, is the fact that some SEAs... have not progressed beyond a passive role in carrying out their responsibilities for assuring that LEA projects are designed and implemented to meet the needs of educationally deprived children".

Recommendation No. 1 - Partially Concur

"Certain restraints faced by DCE/BESE, though, preclude staff members from visiting SEAs and becoming involved in the actual approval procedure as requested by the auditors. However, DCE/BESE personnel will continue to provide consultative services to SEAs on matters relating to project approval."

HEW Audit Agency Comments: We did not intend for USOE personnel to be involved to the extent of actually approving or disapproving LEA projects. We believe, however, that a review of the practices followed by the SEAs when actually reviewing and approving projects, or at least before the projects are implemented by the LEAs, could more timely affect the quality of SEA reviews and preclude them from continuing to approve projects that do not meet Title I requirements. We have accordingly reworded our recommendation.

Recommendations No. 2 and 3 - Concur

"Within the framework of DCE/BESE staff limitations, we will make a concerted effort to work with the State agencies...and urge them to take a firmer stand in disapproving projects that are not designed to meet the needs of Title I children."

"Specifically, DCE/BESE plans to include, as an integral part of the annual on-site review of SEAs' programs, appropriate procedures that would correct the problems of using Title I funds for general aid and on low-priority activities. These program reviews would be supplemented by a strong technical assistance effort and by encouraging the SEAs to more closely monitor LEA projects in order to determine whether the projects are being conducted in accordance with the approved applications."

SCOPE OF REVIEW

The findings discussed in this report are based on reviews in 14 States. We examined project applications and supporting information for all projects implemented by 112 LEAs during school years 1969/70 and 1972/73. Also, we made a review at the SEAs of all projects implemented by an additional 369 LEAs during school year 1972/73. During fiscal year 1973, these States received Title I funds of about $302 million, or 23 percent of the total program funds.

The States included in our review were those scheduled for routine audit in fiscal year 1973. The number of LEAs selected in each State was limited to 40 or a lesser number that would result in a review of 70 percent of Title I expenditures in the State.

Our review was made in accordance with standards for governmental auditing. The principal objective was to consider the effectiveness of SEA practices and procedures for assuring that LEA projects were designed and implemented to meet the special educational needs of educationally deprived children. We also reviewed the practices and procedures used by selected LEAs for designing and implementing projects. At the LEAs we observed projects and discussed project activities with school district administrators, teachers, and support personnel. In addition, we examined the effectiveness of program reviews performed by teams composed of Title I officials from the USOE, Regional Offices of Education, and SEAs. We did not, however, attempt to assess the extent to which individual projects had actually overcome educational deprivation of participating students.

The specific SEAs and the number of LEAs reviewed are listed in Exhibits A and B. Separate audit reports are being issued to each of the SEAs in accordance with our normal practices.

Explanation of Footnotes for Exhibits A and B

1. Includes regular and summer school instruction in language arts, remedial reading, remedial math, remedial science, remedial social studies, tutoring, class size reductions only for educationally deprived children, etc., and remedial instruction for handicapped students such as educable and trainable mentally retarded, emotionally disturbed, hard of hearing, deaf, speech impaired, visually handicapped or other health impaired educationally deprived children.

2. Includes only classroom aides whose duties directly benefit educationally deprived children.

3. Includes supervisors, program coordinators and consultants, etc., who work directly with instructional staff in planning and performing instructional activities for educationally deprived children.

4. Includes social workers, counselors, psychologists, curriculum directors, program evaluators, speech therapists, hearing therapists, health services, etc.

5. Includes classroom materials and supplies associated directly with basic instructional activities.

6. Includes instructional equipment such as overhead projectors, reading machines, film projectors, etc.

7. Includes library, media center, food service, teacher release time for planning, etc.

8. Includes project activities which tend to benefit entire schools or the student body at large in a school or in a specified grade in a school.

9. Includes art, music, phsyical education, home economics, drivers education, industrial arts, fine arts, etc.

10. Includes superintendents, principals, project directors, secretaries, clerical aides, custodial and maintenance service, transportation, administrative materials and supplies, in-service training, operation of plant, mileage and per diem, audit expense, rent, construction and remodeling, etc.

APPENDIX

STATE EDUCATIONAL AGENCIES' COMMENTS

Some SEAs disagreed with our findings concerning substantial amounts of ESEA Title I funds being used for general aid purposes. They questioned our classifications of activities and our determinations of activities providing general aid to education. In most instances, however, SEAs' comments were based on project descriptions contained in the applications rather than on how the projects were actually implemented by the LEAs.

Other comments appeared to be based on liberal interpretations of the ESEA Title I regulations. Our criteria for general aid was uniformly applied to projects in all States. The basis for our determinations was 45 CFR 116.17(g) which requires that projects must be tailored to contribute particularly toward meeting one or more of the special educational needs of educationally deprived children and should not be designed merely to meet the needs of schools or of the student body at large in a school or in a specified grade in a school.

Below are summaries of comments by the individual States.

1. Utah - The Superintendent concurred with the various budget categories used in our analysis, but did not agree with the total budgeted amount included in our report. He did not concur with amounts shown for teacher aides and other activities found to be general aid to education.

HEW Audit Agency Comments: The Superintendent's disagreement with the budgeted expenditures was partially due to budget changes after completion of our review. Teachers and teacher aides were the only noted general aid activities. Budgeted expenditures for school year 1972/73 were $33,218 and $128,283, respectively. At one LEA, for example, six teachers taught Spanish to all children in the first, second, and third grades. At the same LEA, teacher aides worked with both Title I and non-Title I children. At another LEA, field trips were provided to all first grade children in the target area schools.

2. Tennessee - The Commissioner cited three reasons for not endorsing the classification of certain items as general aid. There was not sufficient time to check the validity of the data reported; the department strongly disagrees with the classification system used in the study to differentiate between academic and nonacademic education activities; and the SEA would need concurrence from LEA officials whose systems were involved before endorsing the study.

HEW Audit Agency Comments: While the Commissioner's comments indicate overall nonconcurrence with our findings, no specific items of disagreement were presented. The comments concerning the classification of academic and nonacademic activities are not addressed to the general aid issue. General aid activities were primarily professional support, general supportive services, and teacher aides. Budgeted expenditures for school year 1972/73 were $272,070, $83,023, and $1[illegible],087, respectively. Services were provided in a manner that benefited entire districts, schools, or grades within a school. For example, at one LEA Title I funds were used to provide nurse services to all children in target schools. The Title I nurses activity reports in one of the schools showed that 47 percent of the children served were not Title I children.

3. New Jersey - The Title I Director did not agree with the finding involving projects determined to be general aid and low-priority activities. He stated that it is possible for Title I participating students to receive direct services in a general classroom setting, and that the quality of such services is not necessarily affected because there may be residual benefits to non-Title I students who may be present.

HEW Audit Agency Comments: Major categories of general aid were teachers and teacher and community aides. Budgeted expenditures for school year 1972/73 were $365,757 and $2,817,072, respectively. These activities benefited entire grades, schools, or school districts. One LEA implemented a teacher aid project, including an intern component at a cost of about $1.5 million. The aides were assigned to target schools on the basis of the number of kindergarten and first grade classes in each school. The aides provided services to all children in the classes to which they were assigned, even though only a few children in each class were identified as Title I children. In addition, the LEA's project application showed that the duties of the aides included activities benefiting the

entire schools, such as cataloging, distributing, checking, and maintaining inventories of all instructional materials.

4. Oklahoma - The Assistant State Superintendent, State-Federal Program, and the Administrator, Compensatory Education disagreed with our classification of expenditures, and disagreed with our interpretation of general aid.

HEW Audit Agency Comments: General aid activities were primarily teachers, teacher aides, and professional support services. Budgeted expenditures for school year 1972/73 were $816,090, $885,313, and $741,217, respectively. One LEA's project application stated that aides would be used to reduce the routine clerical work of teachers. The general aid nature of their duties was confirmed during our visit to the LEA. The duties included general typing, collection of lunch money, bus duty, maintenance of time sheets and teacher registers, etc. At another LEA, counseling and attendance services were provided in target schools with Title I money, while the same services were financed with local funds in non-target schools. Another LEA used Title I funds to reduce the size of classes. For example, the second grade at one school was divided into two classes--one with a Title I teacher and one with a teacher paid with local funds. The two classes were about the same size and the same curriculum was used.

5. Colorado - The Commissioner did not feel that the general aid in the school districts audited was nearly as high as reflected in the report. He believed that general aid projects identified by audit at mid-year could have been corrected before the close of school. In such cases the amounts reported as general aid would be overstated. The Commissioner also expressed concern with the categories used to report budgeted costs. He advised that some costs, such as in-service training, principals, and curriculum directors classified as administration/other, should have been classified as instructional services. In addition, he stated that projects classified as low-priority--art, music, physical education, fine arts, and home economics--are necessary to improve basic skills in reading, math and language development.

HEW Audit Agency Comments: The Commissioner's comments concerning low-priority activities and administrative and other expenditures do not address the primary issues raised in our review of projects in Colorado. Low-priority activities accounted for less than one percent of budgeted expenditures. Also, expenditures for administration and other activities were not out of line with amounts used in other States. General aid activities were primarily teachers and teacher aides. Budgeted expenditures for school year 1972/73 were $1,140,855 and $281,893, respectively. At one LEA, for example, teacher aides were used to provide services meeting district-wide needs rather than the special needs of educationally deprived children. About 13 percent of the participants were either high school graduates or were over 21 years old and therefore ineligible for participation. About 40 percent of the participants were from non-target areas. At another LEA, Title I funds provided music teachers that served all first, second, and third grade children at several target schools.

6. Georgia - SEA officials would not respond in writing to our findings. The officials advised that they did not feel they were in a position to comment on whether they agreed or disagreed with the classification of any item or amount as general aid because they did not have first hand knowledge of the instances cited as constituting general aid in LEA projects.

HEW Audit Agency Comments: Budgeted expenditures for general aid activities amounted to $4,648,248 for school year 1972/73. The primary categories of general aid activities and expenditures were: Teacher aides, $1,363,030; teachers and teacher supervisors, $2,031,079; and administrative and other, $641,916.

Two activities at one LEA exemplifies the use of ESEA Title I teacher supervisors and teacher aides for general aid purposes. The LEA, in its 1973 application, budgeted $629,400 for teacher supervisors and $963,300 for teacher aides. The teacher supervisors worked with entire faculties and the student bodies rather than with teachers and children engaged in ESEA Title I activities. The teacher supervisor duties included coordinating instructions and school wide testing; assisting the librarian in selecting books and materials for the entire school; serving as an overall resource person for all teachers, pupils and parents; etc.

The duties of the teacher aides were described as assisting teacher supervisors and regular classroom teachers in planning, organizing, coordinating, and evaluating the total instructional program for children of all ability levels. This included preparing materials and bulletin boards, keeping records, and other clerical tasks. They also worked with school clubs and committees, assisted in general physical education classes, and helped supervise children on the playground and in the cafeteria.

7. Ohio - Program activities in Ohio were cited as exemplary (see page 3). However, the Director, Division of Federal Assistance, did not agree with the budget categories used in the report. He took exception to several expenditures classified as administration/other and low-priority activities, stating that the expenditures should have been classified as supportive services.

HEW Audit Agency Comments: In view of the exemplary manner in which projects were conducted in Ohio, and since less than one percent of budgeted expenditures were designated for low-priority activities, we have no further comments.

8. Connecticut - The Title I Coordinator concurred with the report as it relates to Title I efforts over the past several years.

9. Nebraska - The Commissioner concurred with the considerable progress made toward approving only those Title I projects that meet the special educational needs of educationally deprived children. He advised that the SEA will continually seek improvements in the administration of the Title I program.

10. Missouri - The Commissioner concurred with the reduction in Title I funds budgeted for projects with general aid type activities and projects meeting low-priority nonbasic educational needs. He advised that Title I funds will be administered in a manner which will eliminate general aid type activities.

11. Kansas - The Commissioner concurred in the improvements made by the SEA in approving projects and providing leadership to the LEAs. He stated that the SEA will continue to upgrade the Title I programs by eliminating unnecessary support and general aid activities.

12. Mississippi - The Title I Coordinator advised that examination of the general format utilized in reporting the data appeared to be reasonable. He stated that some judgment had to be exercised in determining how the data would be categorized, and while he could not attest to the accuracy of individual expenditures and their assignment to a particular category, it did appear that the data was generally representative of Title I program.

13. Wisconsin - The Title I administrator raised several questions regarding the budget categories used to report project activity expenditures. Otherwise, he did not object to the report.

14. Oregon - The Deputy Superintendent concurred with the findings but stated that general aid in Portland was disproportionately high compared to other school districts. He cited changes already made for closer scrutiny of Portland's applications and for monitoring of all programs. A plan of action has been outlined to implement recommendations which he believes will correct the general aid situation.